

A MESSAGE OF EXTREME IMPORTANCE FROM THE PRESIDENT OF CAROLINA POWER AND LIGHT COMPANY

To our customers:

Your Power Company is faced with a situation so urgent that we have asked for permission to increase our rates on an emergency basis. Because this affects you and your pocketbook, it is only right that you be given an explanation.

POWER NEEDS ARE DOUBLING EVERY 6 YEARS

Our area continues to grow. People are using more electricity in their homes, and expanding industries and new industries, which create more jobs and new payrolls, will depend on us to supply the power they must have to operate. And electricity will be needed to run new devices for treating waste and reducing pollution in our air and water.

For us to be well prepared, we must add to our facilities. And that will take an enormous amount of money. Working against us (and you) is the impact of inflation and other cost factors beyond our control. So we must raise rates in order to finance these new facilities.

TWO BILLION, FOUR HUNDRED MILLION DOLLARS

To provide the electricity our customers must have between now and 1978 we have already planned for facilities which will cost the staggering sum of \$2,400,000,000. Over \$2 billion will come from people who are willing to invest their savings in CP&L. (Incidentally, more than half of our nearly 45,000 shareholders live right here in the Carolinas.) But no one can be expected to invest in our company in the years ahead unless they can earn from their investment in us as much as they can get from investing elsewhere.

OUR FIRST GENERAL RATE INCREASE

Earlier this year, we were allowed to increase our rates by 11.86%. Unfortunately, our expenses have risen so sharply that even with this increase our earnings are not adequate. For example, our fuel expense in the first three months of this year was \$4.16 million above the estimated fuel expense upon which our rates in North Carolina now are based.

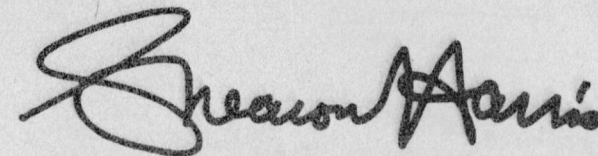
AN ADDITIONAL 5.63% NEEDED

To cope with the increased costs, to be in a position to successfully compete for the millions of dollars we must have this year, and to simply bring our rate of return up to the level which has already been determined to be just and reasonable, then our rates must be raised an additional 5.63% immediately. We consider this essential. Because this year alone, the cost of the money we need and the fuel we'll have to use will be millions of dollars more.

WHAT WE SELL IS STILL A BARGAIN

In 1970, the average price our customers paid for electric service at home was 21% less than the national average. And even after our proposed rate adjustment, CP&L's rates would compare favorably with rates elsewhere.

We know you don't like having to pay higher rates and we don't like having to increase them, especially on an emergency basis. The simple fact is, that to have adequate power to meet your needs, our rates must be increased by 5.63% now. As always, your questions, your comments or suggestions are welcome.



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CP&L

Carolina Power & Light Company

THIS MESSAGE WILL BE ENCLOSED WITH THE NEXT CP&L MONTHLY BILL.
IT IS PUBLISHED HERE SO THAT ALL CUSTOMERS WILL BE AWARE OF THE INFORMATION AT THIS TIME.